Berenberg European Conference

Tim Scharwath, CEO DHL Global Forwarding, Freight
Pennyhill, 3 December 2019
DPDHL Group Intro

Strategy 2025 Group Strategy

Strategy 2025 Divisional Strategies

Group Financial Backup
### DPDHL Group at a Glance

<table>
<thead>
<tr>
<th>Deutsche Post DHL Group</th>
<th>Network Businesses – asset intensive</th>
<th>Brokerage &amp; Outsourcing – asset light</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group revenue</strong></td>
<td>€61.6bn</td>
<td>€3.162bn</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>€3.162bn</td>
<td></td>
</tr>
<tr>
<td><strong>~500k employees</strong></td>
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<tr>
<td><strong>&gt;220 countries/territories</strong></td>
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</tr>
<tr>
<td><strong>Market shares</strong></td>
<td># 1 P&amp;P Germany</td>
<td></td>
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<tr>
<td></td>
<td># 1 Express Global</td>
<td></td>
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<tr>
<td></td>
<td># 1 GFF Global</td>
<td></td>
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<tr>
<td></td>
<td># 1 SC Global</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>€15,108</td>
<td>€3,834</td>
</tr>
<tr>
<td><strong>Post &amp; Parcel Germany</strong></td>
<td></td>
<td>€16,147</td>
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<tr>
<td><strong>DHL eCommerce Solutions</strong></td>
<td></td>
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<tr>
<td><strong>DHL Express</strong></td>
<td></td>
<td>€14,978</td>
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<tr>
<td><strong>DHL Global Forwarding, Freight</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>DHL Supply Chain</strong></td>
<td></td>
<td>€13,350</td>
</tr>
<tr>
<td><strong>EBIT / Margin</strong></td>
<td>€683</td>
<td>€-28</td>
</tr>
<tr>
<td><strong>Post &amp; Parcel Germany</strong></td>
<td></td>
<td>€1,957</td>
</tr>
<tr>
<td><strong>DHL eCommerce Solutions</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>DHL Express</strong></td>
<td></td>
<td>€442</td>
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<tr>
<td><strong>DHL Global Forwarding, Freight</strong></td>
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<tr>
<td><strong>DHL Supply Chain</strong></td>
<td></td>
<td>€520</td>
</tr>
<tr>
<td><strong>Staff (FTE)</strong></td>
<td>159,032</td>
<td>29,493</td>
</tr>
<tr>
<td><strong>Post &amp; Parcel Germany</strong></td>
<td></td>
<td>93,550</td>
</tr>
<tr>
<td><strong>DHL eCommerce Solutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DHL Express</strong></td>
<td></td>
<td>43,347</td>
</tr>
<tr>
<td><strong>DHL Global Forwarding, Freight</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DHL Supply Chain</strong></td>
<td></td>
<td>151,877</td>
</tr>
</tbody>
</table>

*FY 2018 figures
GLOBALIZATION: Our broad portfolio makes us more resilient

Our Position

- Largest, most global logistics provider
- Leading market positions
- Strong brands, balanced portfolio

*B2C Express, Parcel Germany and DHL eCommerce Solutions

2018 revenue
DPDHL: Focus Is The Key To Sustainable Margin Expansion

12m rolling EBIT margin

- **Group**: Balanced and steady expansion as all divisions execute on 2020 strategic plans
- **EXP**: Demonstrating the result of sustained focus on TDI and yield
- **P&P**: Overcoming current challenges in managing the transition from post to parcel
- **DSC**: Making gradual progress towards 4-5% goal
- **DGFF**: Building momentum to close gap to benchmark profitability

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Q3 2019 Group Revenue

GROUP
€15,552m
€+703m (+4.7%)

Revenue growth yoy
All in €m

<table>
<thead>
<tr>
<th></th>
<th>P&amp;P Germany</th>
<th>Express</th>
<th>DGFF</th>
<th>DSC</th>
<th>DeCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>+193</td>
<td>+341</td>
<td>+33</td>
<td>+76</td>
<td>+49</td>
</tr>
</tbody>
</table>

Organic Growth

<table>
<thead>
<tr>
<th></th>
<th>Group:</th>
<th>+5.5%</th>
<th>+6.2%</th>
<th>-0.7%</th>
<th>+3.8%</th>
<th>+3.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group:</td>
<td>+3.9%</td>
<td>+5.5%</td>
<td>+6.2%</td>
<td>-0.7%</td>
<td>+3.8%</td>
<td>+3.2%</td>
</tr>
</tbody>
</table>
Q3 2019 Group EBIT

REPORTED EBIT YOY GROWTH

All in €m

GROUP €942m
€+566m (>100%)
+23% excl. one-off effects

P&P Germany

2019: EBIT growth accelerating as expected – cost & yield measures ramping up, now also incl. first effects of mail price increase
2018: €-392m restructuring charge

Express

2019: Continued solid volume growth again translated into significant absolute EBIT increase – transitory effects from heavyweight campaign annualized

DGFF

2019: EBIT growth remains mainly driven by self-help measures in DGF and Freight – markets provide limited tailwind

DSC

2019: Includes €-8m net effect from restructuring – strong EBIT increase after 9M partly supported by phasing effects

DeCS

2019: Includes €-4m restructuring costs – further improvement in operating performance and overhead costs on path to 2020 profit contribution

Corp. Func./Cons.

2019: Corporate Incubations costs ramping up in line with full-year guidance

BERENBERT EUROPEAN CONFERENCE | TIM SCHARWATH | PENNYHILL 3 DECEMBER 2019
Disciplined & clear capital allocation priorities

**Capital Generation**

- **Operating Cash Flow**
  - Driven by EBIT growth in profitable core
  - 20.4

**Capital Allocation**

- **Net CAPEX**
  - Capex geared towards organic growth: reflecting profitable business growth
  - 10.8

- **Dividend & Excess Liquidity**
  - Attractive (ordinary) dividend: 40-60% of net profit
  - Share buyback and/or special dividend
  - 9.2

Cumulative 2013-2018 (in €bn)
**DPDHL Group Finance Policy:** Confirmed And Executed Upon

**Dividend of €1.15 for FY2018**

- **FINANCE POLICY**
  - Target / maintain rating BBB+
  - **Dividend payout** ratio to remain between 40–60% of net profit (continuity and Cash Flow performance considered)
  - **Excess liquidity** will be used for share buybacks and/or extraordinary dividends

**Dividend payments of €1.4bn to DPDHL shareholders on May 20\(^{th}\), 2019**

1) Adjusted for Postbank effects as well as non-recurring items when applicable
Consistent Cash Flow Generation And Growth Investment

*OCF and FCF adjusted for 2012, 2016 and 2017 Pension Financing

Impact of IFRS 16 implementation

In €m
Capex growth has enabled strong volume increase

Capex increase reflected ongoing strong volume growth in

- **PARCEL GERMANY** (2013-2018: +9% p.a.)
- **EXPRESS** (2013-2018: +8% p.a.)

<table>
<thead>
<tr>
<th>Parcels per day</th>
<th>Germany</th>
<th>Express TDI shipments per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;2,000,000 parcels per day more since 2013</td>
<td>+53%</td>
<td>&gt;300,000 shipments per day more since 2013</td>
</tr>
</tbody>
</table>
Capex outlook: 2019 peak due to 777 order

DPDHL Gross Capex:

- Peak at €3.7bn in 2019 (incl. €1.1bn B777 order)
- Stable / slightly rising excl. 777 order going forward
## P&P Germany 2020 bridge: main elements confirmed

### EBIT contribution, in €m
2020 vs 2018

<table>
<thead>
<tr>
<th>EBIT 2018 Clean Base</th>
<th>Revenue</th>
<th>Staff cost</th>
<th>Material cost</th>
<th>Direct cost measures</th>
<th>Indirect cost measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected EBIT Contribution</td>
<td>€+150 to €+250m✓</td>
<td>€+150 to €+250m✓</td>
<td>&gt;€+200m✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current status</td>
<td>Good development of (parcel) revenue growth offset by higher cost inflation</td>
<td>Productivity ramping up as expected</td>
<td>Program in full execution mode</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DHL EBIT Bridge to 2020 Target

Express: Focus on TDI
DGFF: IT renewal / Simplify
DSC: OMS/Standardization
DeCS: Portfolio focus & volume growth

Based on Global GDP consensus estimates for 2019/20 (~ +3%)

DHL EBIT, in €m, including DeCS as of 2019

2017 | 2018 | 2019 | 2020
---|---|---|---
2,588 | 3,011 | 3,400-3,500 | 3,700
+423 | +200-300 | +300-400

EXP: +221
DGFF: +145
DSC: +57

EBIT excl. non-recurring effects
Operating Contribution from Express, DGFF, DSC
Non-rec. effects: 2018, DSC (€-92m); 2019e, DSC China (€+426m), DSC restr. (~ €-150m), DeCS restr. (~ €-60m)
## Guidance 2019/2020 confirmed

<table>
<thead>
<tr>
<th>In € bn</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group EBIT</td>
<td>4.0-4.3</td>
<td>&gt;5.0</td>
</tr>
<tr>
<td>P&amp;P Germany</td>
<td>1.1-1.3</td>
<td>&gt;1.6</td>
</tr>
<tr>
<td>DHL</td>
<td>3.4-3.5</td>
<td>&gt;3.7</td>
</tr>
<tr>
<td>Corporate Functions</td>
<td>-0.5</td>
<td>-0.35</td>
</tr>
</tbody>
</table>

### 2019

- **Free Cash Flow:** >€0.5bn (incl. ~€1.1bn debt-financed Express intercontinental fleet renewal)
- **Tax rate:** Between 19% and 22%
- **Gross Capex (excl. leases):** ~€3.7bn (incl. ~€1.1bn for debt-financed Express intercontinental fleet renewal)
Rolling 2022 financial targets, as introduced at 2019 CMD

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
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<tbody>
<tr>
<td>Group EBIT</td>
<td>&gt;5.3</td>
</tr>
<tr>
<td>Capex (20-22)</td>
<td>8.5 - 9.5</td>
</tr>
<tr>
<td>FCF (20-22)</td>
<td>4.5 - 5.5</td>
</tr>
</tbody>
</table>

2022 minimum EBIT guidance based on cautious macro scenario

Capex guidance includes ~€800m for Boeing 777 order in 2020/21

Divisional EBIT growth remains key driver of OCF and FCF growth
DPDHL Investment Case Summary

**EARNINGS**

- Sustainable growth from diversified global market leader
- Clear agenda for improving profitability

**CASH FLOW**

- Continued investments for profitable growth
- Strong balance sheet and cash generation

**SHAREHOLDER RETURNS**

- Long-term Finance Policy defining sustainable shareholder returns
We have learned a lot along the way...

... if we focus on execution excellence
... if we act along our 3 bottom lines
... if we strengthen our profitable core
... if we leverage e-commerce
... if we take advantage of technology

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<thead>
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<tbody>
<tr>
<td>We focus on our core activities...</td>
<td>We connect across the organization...</td>
<td>We grow...</td>
</tr>
<tr>
<td>1. Logistics as our core</td>
<td>1. One global team</td>
<td>1. Leader in e-commerce related logistics</td>
</tr>
<tr>
<td>2. Committed to the needs of our stakeholders &amp; our planet</td>
<td>2. Certified specialists for everything we do</td>
<td>2. Accelerate footprint shift towards emerging markets</td>
</tr>
<tr>
<td>3. A family of divisions</td>
<td>3. Connected approach in operations, commercial, green solutions, shared services</td>
<td>3. Tap new market opportunities for organic expansion</td>
</tr>
</tbody>
</table>

... to achieve industry-leading performance.
... to achieve quality & service excellence.
... for sustainable above-market growth.
Our Purpose
Connecting people, improving lives

Our Vision
We are THE logistics company for the world

Our Values
Respect & Results

Our Mission
Excellence. Simply delivered.
Along the three bottom lines in a sustainable way
Enabled by Common DNA

Our Business Unit focus
Strengthening the profitable core
Supported by Group functions

Digitalization
SUSTAINABILITY

THE TANGIBLE OUTCOME OF OUR PURPOSE FOR LONG-TERM VALUE CREATION

Excellence. Simply delivered. along the three bottom lines in a sustainable way

E ENVIRONMENTAL IMPACT
- Mission 2050
- Green solutions
- Green policies & guidelines
- Carbon-efficient delivery solutions
- Tree planting

S SOCIAL IMPACT
- Employee Engagement (EOS, EOY, GVD...)
- Certified
- Safety First
- Diversity & Inclusion
- Explore introduction of additional “Go”-programs

G GOVERNANCE STRUCTURES
- Codes of Conduct and Supplier Code of Conduct
- Compliance Management
- Employee Relations
- Internal Audit
- Data Protection Management
Core logistics offers sustainable growth opportunity

Focus on profitable growth in our core

Market growth assumption by division (volume p.a., 2018-2025)

- P&P: Parcel +5-7%, Mail -2% to -3%
- EXP: TDI +4-5%
- DGFF: OFR +2-4%; AFR +1-3%; RFR +3-4%
- DSC: Outsourced logistics ~+4% (revenue)
- DeCS: Driving revenue CAGR of 5-10% across all businesses

Expected growth vs. Market

- At least in line: P&P, EXP, DSC, DeCS
- Above: DGFF

- Supported by unchanged strong yield discipline in all divisions
E-COMMERCE: We offer the entire logistics value chain

Our Position

Inbound
- DGFF: Freight Transport
- EXP: Customs Service

Fulfillment
- DSC: B2C-dedicated/omni-channel warehouses
- Multi-user FF network

Delivery
- Domestic parcel: P&P, DeCS
- Cross-border TDI: EXP
- Cross-border intercontinental parcel: DeCS

Returns
- Domestic and international: P&P EXP
- Fulfillment (back to stock): DSC

Existing offer
- Green

Underway
- Orange
P&amp;P Germany: Mail price increase implemented

- Average 10.6% price increase on basket of regulated mail products implemented as of July 1
- Incl. working day effect (1 day more yoy), mail volume decline (MC + DM) in line with expected trend at -2.4%
- Parcel yield measures continue to show significant positive effect

<table>
<thead>
<tr>
<th>Q3 2019 yoy</th>
<th>Volume</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail*</td>
<td>-0.9%</td>
<td>+3.3%</td>
</tr>
<tr>
<td>Parcel Germany</td>
<td>+6.1%</td>
<td>+9.9%</td>
</tr>
</tbody>
</table>

*Mail Communication & Dialogue Marketing
Parcel growth driven by all customer segments

Business Customers (B2X)
Revenue growth
9M 2019

Wedged bars showing:
- B2X Market: 6.8%
- DHL Parcel: 11.0%

Revenue Parcel 9M 2019 (in €bn):
- Top accounts (~ 340 customers): ~ 1.6
- Medium accounts (~ 17,000 customers): ~ 1.5
- Small accounts (~ 82,000 customers): ~ 0.3

Revenue growth 9M 2019 (in %):
- Top accounts: 9%
- Medium accounts: 13%
- Small accounts: 10%

Total: 6.8% B2X Market
P&P EBIT bridge recap: EBIT growth accelerating as expected

H1 2019 EBIT levers:
- Parcel price increases
- Early retirement in ramp-up phase
- Efficiency measures initiated

H2 2019 EBIT levers:
- Mail price increases (as of 1/7)
- Parcel price increases, predominantly for business customers
- Gradual increase in benefits from early retirement
- Ramp-up of benefits from efficiency measures

FY 2020 EBIT levers:
- Further yoy contribution from mail price increases
- Ramp-up of benefits from efficiency measures

INDICATIVE NOT TO SCALE

2020 EBIT:
> €1.6bn

= EBIT levers - cost inflation

FY 2020 EBIT levers:
- Further yoy contribution from mail price increases
- Further parcel price increases, predominantly for business customers
- Full effect of early retirement
- Full deployment of efficiency measures

Ongoing cost inflation:
- Wage costs +3.0% (Oct 2018)
- Wage costs +2.1% (Oct 2019)
- Transport cost: Trucking / Toll

2019 EBIT, yoy, excl. one-off effects

1) Pension revaluation (Q1/18 & Q3/19) and restructuring costs (Q2&Q3/18 & Q3 19)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 EBIT</td>
<td>-70</td>
<td>+18</td>
<td>+114</td>
</tr>
</tbody>
</table>
Post & Parcel Germany: Going forward...

Success factors vs. ongoing challenges

**Success factors**

- Parcel volumes: +5 to +7%
- Price increases in Mail and Parcel
- Decrease indirect cost base & limit increase in direct costs through productivity improvement
- Digitalization and further automation of operating processes

**Ongoing challenges**

- Mail volumes: -2 to -3%
- Structural shifts:
  - Post to Parcel
  - More goods-carrying letters
- Cost inflation:
  - Wage costs
  - Material costs, e.g. fleet

**Recover and sustain steady earnings momentum**
Top strategic priorities for the next strategy horizon

**Strategy 2025** divided into two horizons

**Refocus on core market in Germany (2019/2020)**
- Price increases
- Quality improvements
- Indirect cost measures (overhead)
- Direct cost measures (productivity)

**In 2020: Phase over to Roadmap 2025**
- Optimized asset concept including real estate and new sorting concept for mid-sized shipments
- New features and boost of Packstation
- Accelerate digitalization in operations
**2019 marks return to positive productivity trend**

<table>
<thead>
<tr>
<th>Continuous improvement</th>
<th>e.g. in parcel centres</th>
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<tbody>
<tr>
<td></td>
<td>Rollout of Performance Dialogue culture</td>
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<td>Better truck utilization through training</td>
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<table>
<thead>
<tr>
<th>Automatization</th>
<th>e.g. in mail sorting</th>
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<tbody>
<tr>
<td></td>
<td>Increase sequence sorting, incl. for high-rise buildings</td>
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<td></td>
<td>New sensors/OCR technology to increase read rate</td>
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<table>
<thead>
<tr>
<th>Digitalization</th>
<th>e.g. in delivery</th>
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<tbody>
<tr>
<td></td>
<td>Optimized delivery through route navigation</td>
</tr>
<tr>
<td></td>
<td>Introduction of first new apps for site managers</td>
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<table>
<thead>
<tr>
<th>Integration of Post &amp; Parcel</th>
<th>e.g. for small e-com shipments</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Transfer small items shipments into the mail network</td>
</tr>
<tr>
<td></td>
<td>Utilize mail delivery capacity, esp. in peak season</td>
</tr>
</tbody>
</table>

**Productivity improvement and EBIT growth**

**SCHEMATIC**

Productivity (cost/unit), yoy change

- **EBIT**
  - +150 – 250m

2018 2019e 2020e

Productivity improvement and EBIT growth
Roadmap 2025 - Initiatives
Enable further profitable growth in parcel

**Delivery**

~54% - and growing – of Parcel deliveries done through joint delivery with mail

**Sorting: new initiatives**

**Letters: Leverage for eCommerce and further automate**
2/3 machine-sorted (increasing)
- Automatic sorting of small-format e-commerce shipments in our letter sorting centers
- Flexibly leverage uniquely dense delivery network and capacity in (parcel) peak season

**Parcels: optimize further**
98% machine sorted
- Optimize existing hubs, e.g., with 3-5 side readers at sorters to reduce rejects
- Employ less CapEx-intensive technology, e.g., separation of small-format shipments into bags in our new parcel sorting centres

Maximize synergies to increase Post utilization and preserve Parcel capex
**Roadmap 2025 - Initiatives**

**Packstation Boost**

- **Benefits:**
  - Satisfy high customer demand for convenient, 24/7 delivery option
  - Reduce delivery cost due to high drop factor, lower cost lockers and lower rent for space
  - Provide further capacity to handle e-commerce-driven parcel growth

<table>
<thead>
<tr>
<th></th>
<th>Beginning of 2019</th>
<th>Plan for 2021</th>
<th>Plan for 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packstations</td>
<td>3,700</td>
<td>~7,000</td>
<td>~10%</td>
</tr>
<tr>
<td>DHL parcel volumes</td>
<td>~3%</td>
<td>~5%</td>
<td>DHL parcel volumes</td>
</tr>
</tbody>
</table>

Beginning of 2019: 3,700 Packstations (~3% DHL parcel volumes)

Plan for 2021: ~7,000 Packstations (~5% DHL parcel volumes)

Plan for 2025: ~10% DHL parcel volumes
New generation of handheld scanners to be introduced

**Delivery**

E.g. Rollout of *OnTrack*:

- **Operations benefit:** Better driving sequence and mobile navigation (less training, less stops missed)
- **Customer benefit:** Live tracking and time window delivery for standard parcels
- **Other benefit:** less waiting-time “at door” (much bigger effect than optimizing route)
Roadmap 2025 - Initiatives
Digitalization of site management and staff deployment

**Site Management**
- Support site managers through better data and visibility (e.g., expected shipment volume per day/district, status of transport to site, delivery performance/issues per district)
- Increased visibility on unit cost/profitability on granular level
- Digital workflow, e.g., repair/maintenance orders

**Staff Deployment**
- Introduction of IT based applicant management
- Digital support for staff planning and scheduling
- Online interaction with staff and replacement of paper processes

„Digital delivery depot/ delivery district“: different Apps for operational processes
## Digitalization @ Post & Parcel Germany

Roadmap-based development/simplification of IT landscape

### Themes

<table>
<thead>
<tr>
<th>Themes</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td>Renewal of IT infrastructure</td>
<td>Data network upgrade&lt;br&gt;Personal Workspace Hardware renewal (GPWS2)&lt;br&gt;New HASCI scanner and enhancement</td>
</tr>
<tr>
<td>Revision „Legacy“</td>
<td>Harmonization billing systems for Parcel&lt;br&gt;Yard logistics system&lt;br&gt;Transport Management System</td>
</tr>
<tr>
<td>Removal of redundancies</td>
<td>Customer Service: meinService rollout&lt;br&gt;Harmonization Sales Management tools&lt;br&gt;IT-Management tools</td>
</tr>
<tr>
<td>Simplification of customer contact</td>
<td>Lean parcel locker pilot and rollout&lt;br&gt;Customer portal for business and private Customer&lt;br&gt;Digital franking and pre-advice</td>
</tr>
<tr>
<td>Improve customer experience</td>
<td>Route navigation and customer advice &quot;OnTrack&quot;&lt;br&gt;Digitalization Dialogue Marketing&lt;br&gt;Parcel App next generation</td>
</tr>
<tr>
<td>Automization of operations</td>
<td>Digitalization depots &amp; sequence optimization&lt;br&gt;Applicant management and resource planning&lt;br&gt;Permeability of post and parcel network</td>
</tr>
</tbody>
</table>

### Excellence. Simply delivered.

- **Short term 2018-2020**
- **Long term 2021-2023**
### Post & Parcel Germany: Financial Outlook

#### Market (2018 – 25)

**Market growth assumptions**
- Mail volume: decline of -2 to 3% p.a.
- Parcel volume: growth of +5 to 7% p.a.

**Expected growth vs. market**
- IN LINE
- AT LEAST IN LINE

#### Capex Outlook
- Capex p.a. between 500 and 600m€ for the next three years
- Expansion of Parcel infrastructure (e.g. Packstation, hubs, depots, fleet), new sorting concepts and digitalization

#### EBIT Outlook

**2020**
- Guidance confirmed: € >1.6bn
- Margin ~10%

**Beyond 2020**
- Slow topline growth with stable margin
DHL Express are the ‘Experts in Export and Import’

The Profitable Core

Time Definite International (TDI) service for premium, cross-border delivery of time-critical parcels and documents

Revenue Mix\(^1\)

(€bn, FY 2018)

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue Mix (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDI</td>
<td>76%</td>
</tr>
<tr>
<td>DDI&amp;TDD</td>
<td>18%</td>
</tr>
<tr>
<td>ACS</td>
<td>6%</td>
</tr>
</tbody>
</table>

Global TDI market\(^2\)

(2018)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHL</td>
<td>39%</td>
</tr>
<tr>
<td>FedEx</td>
<td>30%</td>
</tr>
<tr>
<td>UPS</td>
<td>22%</td>
</tr>
<tr>
<td>Others</td>
<td>9%</td>
</tr>
</tbody>
</table>


\(^2\) Source: Market Intelligence 2017, annual reports

In 2014: 26% FedEx 6% TNT

DHL Express are the ‘Experts in Export and Import’
Express: Continued solid TDI volume and revenue growth

- TDI volume growth remains very solid as growth in premium B2C balances slower growth in B2B due to macro uncertainties
- As expected, revenue and volume growth rates again closer as mix effects from heavyweight measures have annualized
Trade flows with constant variation in regional pattern

Quarterly growth ranking 2014 - 2019, TDI volume growth

Q3 TDI Shipments per day

- +7.6% Europe
- +6.1% Americas
- +5.7% Asia Pacific
- -5.9% Middle East Africa

YTD: 5.8%  Q3: 5.9%
Express: TDI focus drives sustained growth momentum

<table>
<thead>
<tr>
<th></th>
<th>TDI Shipments per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-2018</td>
</tr>
<tr>
<td><strong>DHL EXPRESS</strong></td>
<td></td>
</tr>
<tr>
<td>B2B</td>
<td>Mid single-digit</td>
</tr>
<tr>
<td>B2C</td>
<td>20 plus %</td>
</tr>
</tbody>
</table>
E-commerce is an attractive TDI vertical supporting Express profit growth

We...

... manage e-commerce as a TDI vertical
... continuously enhance TDI capabilities to meet e-commerce requirements
... sell e-commerce to SME

Going forward we'll continue to:

• maintain disciplined approach to **sales** and **pricing** across the network
• explore and engage in **partnerships** that strengthen our position in this field
• develop **TDI capabilities** to meet B2C and B2B demands

<table>
<thead>
<tr>
<th>DHL Express</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C shipment share</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Express capex – 777 investment peak in 2019, flat around €1bn excl. 777 order

**EXPRESS Gross Capex development**

2013-2018:
> 300,000 TDI shipments per day more since 2013

**Outlook:**
Expect +4-5% TDI market volume growth p.a.
**Focus on TDI is Our Key to Success**

Leading global network & “insane” customer centricity & certified employees = consistent strong TDI growth and market share expansion

**DHL EXPRESS, TDI SPD YOY**

<table>
<thead>
<tr>
<th>Year</th>
<th>TDI SPD YOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10.2%</td>
</tr>
<tr>
<td>2012</td>
<td>9.4%</td>
</tr>
<tr>
<td>2013</td>
<td>8.4%</td>
</tr>
<tr>
<td>2014</td>
<td>7.8%</td>
</tr>
<tr>
<td>2015</td>
<td>8.7%</td>
</tr>
<tr>
<td>2016</td>
<td>7.6%</td>
</tr>
<tr>
<td>2017</td>
<td>9.9%</td>
</tr>
<tr>
<td>2018</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

**TDI, GLOBAL MARKET SHARE**

<table>
<thead>
<tr>
<th>Year</th>
<th>DHL</th>
<th>Fedex</th>
<th>UPS</th>
<th>TNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>30%</td>
<td>6%</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>34%</td>
<td>12%</td>
<td>22%</td>
<td>11%</td>
</tr>
<tr>
<td>2016</td>
<td>38%</td>
<td>11%</td>
<td>29%</td>
<td>12%</td>
</tr>
</tbody>
</table>

1) includes 4% TNT
E-commerce is a Profitable Growth Driver for DHL Express

Portion of B2C TDI shipments has increased over time

We grow B2C profitably because 90% of the KPIs perfectly suit our network

- SpD: Volume growth drives better utilization of existing network
- WpS: Lower weight per shipment
- RpK: Higher RpK related to lower WpS
- First mile: More pieces per stop at pickup
- Hub sort: Better utilization of existing infrastructure, with high degree of conveyables
- Airlift: Better utilization of existing capacity, with lower WpS being advantageous
- Last mile: Residential delivery to private households

We treat B2C/e-commerce shipments as a TDI vertical
- applying the same yield discipline
- using B2C requirements to enhance the overall TDI service and capabilities
- equipping our sales force to effectively sell to e-commerce customers
- engaging in partnerships to grow cross-border e-commerce

1) Indications based on medium to large B2C customers of top 30 countries

X(Border e-commerce has developed into an important TDI vertical and profitable growth driver
Intercontinental Fleet: Use Replacements as Opportunity to Move Towards Higher Ownership Structure

2010-18: fleet expansion

- Expansion based on successful virtual airline model – gradual shift in mid-sized, regional segment from leases to ownership
- Today: well balanced fleet regarding ownership and maturity – ownership structure of intercont fleet still more tilted towards leases

Outlook: intercont replacements by new, owned planes

- Order for 14 Boeing 777s signed, in-line with intentions announced at May 2018 CMD – first delivery expected in 2019
- New aircraft are capacity neutral but bring significant cost, efficiency and reliability benefits
- Any further fleet expansion to be carefully considered in line with market growth expectations

Dedicated fleet (w/o feeders)

2010: ~150 planes

2018: >200 planes
DHL Express: Financial Outlook

Market (2018 – 25)

<table>
<thead>
<tr>
<th>Market growth assumptions</th>
<th>Expected growth vs. market</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDI volume growth: 4-5%</td>
<td>AT LEAST IN LINE</td>
</tr>
<tr>
<td></td>
<td>Supported by unchanged strong yield discipline</td>
</tr>
</tbody>
</table>

Capex Outlook

- Excl. current replacement order for Boeing 777s, capex flat around 2018 level of €~1bn for next 2-3 years
- Investment in expansion and digitalization along whole value chain (air & ground fleet, hubs/gateways/depots)

EBIT Outlook

- Continued growth of absolute EBIT
- Continued, but more incremental margin expansion
DGFF - The foundation for further success has been laid

The Profitable Core

International transportation of **Air Freight**, **Ocean Freight** and **Road Freight** including **Customs Clearance** and related **Value-added Services** like warehousing, cargo insurance, etc.

Revenue Mix

(€bn, FY 2018)

<table>
<thead>
<tr>
<th></th>
<th>Air</th>
<th>Road</th>
<th>Ocean</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air</strong></td>
<td>4.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Road</strong></td>
<td>4.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ocean</strong></td>
<td>3.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Market Position

(2018)

**#1**
- Air Freight
- Ocean Freight

**#2**
- European Road Freight
DGFF: Preserving GP in challenging markets

<table>
<thead>
<tr>
<th>Q3 2019 yoy</th>
<th>Air Freight</th>
<th>Ocean Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>-5.1%</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>+2.1%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>GP/EXP t; GP/TEU</td>
<td>+7.6%</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>

- Subdued market environment reflecting general macro and trade worries, particularly in AFR
- Overall DGFF Gross Profit still up 3.0% yoy, supported by increases in AFR, Other and Freight
DGFF - Emerging new rivals do not pose imminent risk of disruption

Gaps to close
- Back-end IT infrastructure
- Own setup (physical) globally
- Operational expertise
- Global sales force
- Carrier relationships

Gaps to close
- Modern, fully-integrated IT infrastructure
- Digital customer interaction tools
DGFF IT infrastructure - IRR / Cargowise 1 builds a fully-integrated foundation

Benefit realization just started
IRR applications enable

- Automation
- Data accuracy
- E2E shipment ownership
- Gradual harmonization of our process and application landscape

Foundation of further modular applications for Digital Customer interaction

By the end of 2019 we aim for >95% of Ocean Freight volumes on CW1; rollout of Air Freight has started
Complemented by DHL Interaction applications to enhance our customer experience

- DGF’s one-stop customer portal to excellence in digital transport logistics
- Delivers fast and accurate information to enhance decision-making
- Follow and share shipment details with all relevant shipment parties
- Integrated quoting capability, reporting and analytics features available
DGF: GP-to-EBIT conversion improvement ongoing

DGF EBIT margin and GP/EBIT conversion, 12-months rolling (LTM)

- Absolute GP generation supported by improved GP margin in AFR, Other and Freight
- GP-EBIT conversion improvement achieved through internal agenda of self-help measures, incl. IT roll-outs

1) Adjusted for NFE one-off
Simplify Strategy Aims to Close the Gap Towards Benchmark Profitability

Benchmark Conversion Ratio Range

No structural barriers – we have the right combination of people, business model, processes and IT renewal to achieve benchmark conversion ratios over time
The Lifecycle of a Shipment is a Complex Process

Forwarding is more than brokerage of transport, it is managing all the steps along the way.

Success in Forwarding is built on experience, customer relationships, processes and in some aspects, such as consolidation, is also a function of scale.
# DGFF: Financial Outlook

## Market (2018 – 25)

### Market growth assumptions
- Airfreight +1-3%; Ocean Freight +2-4%
- Road Freight +3-4%

### Expected growth vs. market

- **Above**
  - Aligned with unchanged focus on GP optimization and profitable growth

## Capex Outlook

- Flat / slightly increasing from FY18 levels (€110m)
- Asset light business model: Selected investments related to warehouses, sites and IT

## EBIT Outlook

- DGF GP-EBIT conversion improvement of 100-200 bps p.a.
- **2020 target:** 20% DGF GP-EBIT conversion
- **Long-term target:** ~30% DGF conversion driving 5-6% DGFF EBIT margin
DHL Supply Chain: Business Overview

The Profitable Core

- We manage supply chains to reduce complexity for our customers.
- Our profitable core includes warehousing, transportation as well as key solutions like LLP, Service Logistics, packaging and e-commerce.
- We lead in innovation and sustainable solutions.

Revenue Mix (% FY 2018)

- Retail: 27%
- Consumer: 23%
- Auto: 16%
- Technology: 12%
- Lifesciences: 10%
- Engineering & Manufacturing: 5%
- Other: 7%

Key Facts

- ~2,000 sites globally
- 35% of revenue is transport
- >160,000 employees across 55 countries
- >180 annual project go-lives with 100% start-up performance
DHL Supply Chain: Solutions Overview

Offering Customized Solutions Across the Entire Supply Chain

Revenue by Service Area
FY 2018

- Transportation: 36%
- Warehousing: 51%
- Value Added Services: 13%
DSC Supply Chain is the global market leader in absolute size and EBIT margin

2018 market share of the top 3 global contract logistics players

Total outsourced market revenue = €217.3 bn

EBIT margin

Largest providers

1) Internal calculation

Contract Logistics Market (€ bn), growth

180 187 195 207 217

2014 2015 2016 2017 2018

+4.8%
#ExecutionEdge: Standardization is key to success – DSC leverages a holistic Management System

Operations Management System First Choice (OMS FC)
#OwnTomorrow: Leading the industry in innovation deployment with the Accelerated Digitalization Program

DSC has a clear focus on technologies that can be scaled widely and selected high impact technologies.

<table>
<thead>
<tr>
<th>High impact</th>
<th>High scalability</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOODS-TO-PERSON ROBOTS</td>
<td>CLEANING ROBOTS</td>
</tr>
<tr>
<td>ASSISTED PICKING ROBOTS</td>
<td>INDOOR ROBOTIC TRANSPORT</td>
</tr>
<tr>
<td>NARROW AISLE ROBOTS</td>
<td>ROBOTICS ARMS</td>
</tr>
<tr>
<td>WEARABLE DEVICES</td>
<td>DHL RESOURCE PLANNING</td>
</tr>
<tr>
<td>ROBOTICS PROCESS AUTOMATION</td>
<td>INVENTORY MGMT. ROBOTS</td>
</tr>
<tr>
<td>DESIGN &amp; SIMULATION</td>
<td>WRAPPING ROBOTS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># projects on deployment</th>
<th>&amp; of go-lives completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>137</td>
</tr>
<tr>
<td>80</td>
<td>11</td>
</tr>
<tr>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>13</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: AD Collaboration Hub, SD Automation Tracker, Salesforce; 1) Number of unique sites/customers identified by DSC facility/customer ID in deployment phases 02. Site Assessment or further along deployment process (i.e. excluding opportunities not assessed). Blank customer/facility IDs are ignored; 2) Parent customer accounts that generated revenue in the last financial year; 3) Incl. new business and renewals. As measured by SD Automation Tracker by KPI “Technologies proposed”.
DSC: Summary of 2019 non-recurring effects

As previously communicated, €~150m non-recurring charges planned for FY19 – to recoup discontinued EBIT contribution from Greater China by 2020

China transaction with SF Holdings, closed in Q1 2019 (net EBIT gain of €426m)
# DHL Supply Chain Financial Outlook

## Market (2018 – 25)

### Market growth assumptions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Outsourced contract logistics:</td>
<td></td>
</tr>
<tr>
<td>Revenue growth of ~4% p.a.</td>
<td></td>
</tr>
</tbody>
</table>

### Expected growth vs. market

- **AT LEAST IN LINE**

## Capex Outlook

- Slightly increasing from FY2018 levels (€282m) driven by new business wins
- Asset light business model
- Selected investments related to new business start-ups and accelerated digitalization initiatives

## EBIT Outlook

- Topline growth at least in line with market, while maintaining selective business approach
- Maintain industry leading margin at ~5%
Going forward we focus on domestic and non-time-definite international parcel delivery - especially within Europe.

**The Profitable Core**

**Domestic last mile parcel delivery** in selected countries outside of Germany (Europe, USA and selected Asian emerging markets)

**Non-TDI cross-border services** primarily to/from and within Europe.

**Revenue Mix**

(€bn, H1 2019)

- 14% APAC
- 28% US
- 58% Europe

**We are not**

- ... driving a **group-wide e-commerce logistics global strategy**
- ... focusing on **B2C only but also on B2B** across all verticals
- ... the **testing environment** anymore (e.g. eFulfillment or Parcel Metro)
We have taken significant actions in 2019

Portfolio Review
- Separate collaboration agreements signed with Austrian Post for Austria, Slovakia (Last-mile with Austrian Post), Czech Republic (Last-mile with DHL/PPL)
- Assessment of most promising value proposition per market with a clear view on sustainable profit generation

Strict cost management
- Restructuring of overhead completed
  » New lean structure implemented
- Review of business plans of portfolio countries:
  » Focus on profitability through limited capex spend and increased asset utilization
Thereby we are focusing on two value streams

Domestic last mile delivery

- High quality delivery in own and partner-networks
- Healthy mix of B2C and B2B across all verticals
- Strong focus on yield and profitability

Non-TDI cross-border

- Strong growth in cross border retail
- Changing expectations on speed, visibility & quality
- Primary focus to/from and intra Europe
- Parcel Connect in Europe a strong and growing platform
## DeCS Financial Outlook

### Market (2018 – 25)

<table>
<thead>
<tr>
<th>Market growth assumptions</th>
<th>Expected growth vs. market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong, heterogeneous growth across domestic and cross-border ecommerce markets</td>
<td>CAGR of 5-10% across all businesses</td>
</tr>
<tr>
<td>Investments along whole value chain: fleet replacement, network expansion, digital platform, machinery and equipment in hub and depots</td>
<td>Based on selective B2C approach and added B2B focus</td>
</tr>
</tbody>
</table>

### Capex Outlook

- Average spend of ~€200m p.a. over 2019-2022 (2018: € 166m)
- Investments along whole value chain: fleet replacement, network expansion, digital platform, machinery and equipment in hub and depots

### EBIT Outlook

#### 2020

- Positive €+100m y-o-y EBIT improvement in 2020, leading to the unchanged expectation for positive EBIT contribution of €0-100m in 2020

#### Beyond 2020

- 5-10% sales growth with gradual margin expansion towards 5% long term margin across all businesses
### Summary divisional outlook: Strategy 2025

<table>
<thead>
<tr>
<th>P&amp;P Germany</th>
<th>EXPRESS</th>
<th>DGFF</th>
<th>DSC</th>
<th>DeCS</th>
</tr>
</thead>
</table>
| - 2020: Guidance confirmed: €>1.6bn; Margin: ~10%  
- Beyond 2020, slow topline growth with stable margin | - Continued growth of absolute EBIT  
- Continued, but more incremental margin expansion | - DGF GP-EBIT conversion improvement of 100-200bps p.a.  
- By 2020, 20% DGF GP-EBIT conversion  
- Long-term target: ~30% DGF conversion driving 5-6% DGFF EBIT margin | - Topline growth at least in line with market  
- Maintain industry leading margin at ~5% | - Positive EBIT contribution as of 2020  
- Gradual increase towards 5% long term margin thereafter |
DPDHL Group Intro

Strategy 2025 Group Strategy

Strategy 2025 Divisional Strategies

Group Financial Backup
### Q3 2019 Group P&L

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>14,849</td>
<td>15,552</td>
<td>+4.7%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>376</td>
<td>942</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>Financial result</strong></td>
<td>-159</td>
<td>-173</td>
<td>-8.8%</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>-31</td>
<td>-169</td>
<td>&lt;-100%</td>
</tr>
<tr>
<td><strong>Consolidated net profit</strong>*</td>
<td>146</td>
<td>561</td>
<td>&gt;100%</td>
</tr>
<tr>
<td><strong>EPS (in €)</strong></td>
<td>0.12</td>
<td>0.45</td>
<td>&gt;100%</td>
</tr>
</tbody>
</table>

*after minority interest
## Q3 2019 Group Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q3 2019</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>376</td>
<td>942</td>
<td>+566</td>
</tr>
<tr>
<td>Depreciation/Amortization</td>
<td>838</td>
<td>917</td>
<td>+79</td>
</tr>
<tr>
<td><strong>Operating Cash Flow before chg in WC</strong></td>
<td>1,376</td>
<td>1,414</td>
<td>+38</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>45</td>
<td>455</td>
<td>+410</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>1,421</td>
<td>1,869</td>
<td>+448</td>
</tr>
<tr>
<td>Net Capex</td>
<td>-732</td>
<td>-801</td>
<td>-69</td>
</tr>
<tr>
<td>Net Cash from Leases</td>
<td>-536</td>
<td>-571</td>
<td>-35</td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>-6</td>
<td>16</td>
<td>+22</td>
</tr>
<tr>
<td>Net interest</td>
<td>-4</td>
<td>-6</td>
<td>-2</td>
</tr>
<tr>
<td><strong>FCF</strong></td>
<td>143</td>
<td>507</td>
<td>+364</td>
</tr>
</tbody>
</table>
Main difference between P&L tax expense and cash taxes paid arise from deferred tax assets.

- No additional tax loss carryforwards to be capitalized as deferred tax assets in Germany in 2018.
- Not yet capitalized tax loss carryforwards amount to EUR 6.4bn, most of it in the US.
- Cash taxes paid will increase in line with anticipated growth in profitability.

P&L tax rate expected to reach mid-to-high 20% range by 2020.
FX Movements are Part of Being the Most Global Company in the World

**FX effects are mainly translational**
- EUR appreciation => lower revenue and EBIT
- Direct USD exposure actually more than offset by USD-correlated block => USD depreciation = positive stand-alone, but in practice most often offset by FX movements in the USD block
- More than 50% of FX effects in 2018 came from outside of the big currencies

**Ultimately, FX volatility is unavoidable and best managed by the business**
- We do only opportunistic hedging (e.g. Brexit)
- Difficult to model FX externally due to the many cross currency dependencies

---

1) Currencies with a correlation to the USD above 75%

<table>
<thead>
<tr>
<th>USD Block¹)</th>
<th>Other positive exposures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CNY, HKD, INR, TWD, THB, SAR, AED, PHP, VND)</td>
<td>(e.g. GBP, JPY, KRW, AUD, PLN, RUB, SEK, MXN)</td>
</tr>
</tbody>
</table>
### IFRS 16: Major Effects on 2018 P&L

<table>
<thead>
<tr>
<th>Category</th>
<th>Effect</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>No changes</td>
<td>No changes</td>
</tr>
<tr>
<td>Materials expense</td>
<td>$-2,056</td>
<td>Decrease as lease expenses to be recognized as depreciation and interest costs – only exemptions for short-term leases and low-value assets, which stay in material costs</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$+2,056</td>
<td>Increase due to lower materials expenses</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>$+1,877</td>
<td>Increase due to new depreciation of capitalized operating-lease-assets</td>
</tr>
<tr>
<td>EBIT</td>
<td>$+179</td>
<td>EBIT increase as operating lease expense replaced by depreciation and interest</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>$-376</td>
<td>Increase due to interest cost component booked in finance cost</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$-28</td>
<td>Lower during first years due to higher deferred tax assets</td>
</tr>
<tr>
<td>Cons. Net Profit</td>
<td>$-169</td>
<td>Whilst neutral over time, timing effect due to higher interest during first years</td>
</tr>
</tbody>
</table>
### IFRS 16: Implications for DPDHL Group

**Scope at DPDHL Group:** >25,000 leasing contracts, covering >35,000 assets

#### Major impacts on 2018 results:

<table>
<thead>
<tr>
<th>Component</th>
<th>Impact Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;L</td>
<td>EBIT: increase of €179m</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>Net debt: €9.2bn (from initial recognition of lease liabilities)</td>
</tr>
<tr>
<td>FCF</td>
<td>FCF: no change based on new definition: OCF – net cash for lease liabilities - net capex - net M&amp;A - net interest</td>
</tr>
<tr>
<td>Credit Rating</td>
<td>No impact on rating and related metrics expected</td>
</tr>
</tbody>
</table>

*No effect on actual cash generation and debt rating*
## Cash Flow Outlook: overview of major drivers (1/2)

<table>
<thead>
<tr>
<th>in €bn</th>
<th>2019e</th>
<th>20e vs 19e</th>
<th>Main Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>3.9 to 4.3</td>
<td>➡️</td>
<td>2020 EBIT guidance: &gt;€5bn</td>
</tr>
<tr>
<td>Depreciation/amortization</td>
<td>~ +3.6</td>
<td>➡️</td>
<td>Slight increase in line with Capex</td>
</tr>
<tr>
<td>Change in provisions</td>
<td>~ -0.7</td>
<td>➡️</td>
<td>2019 from P&amp;P early retirement: ~€-100m cash-out and ~€-200m cash-neutral movement towards other liabilities</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>-0.7 to -0.8</td>
<td>➡️</td>
<td>Rising EBT at stable cash tax rate (~22%)</td>
</tr>
<tr>
<td>Change in WC / Other</td>
<td>-0.4</td>
<td>➡️</td>
<td>2019 includes reversal of China EBIT gain and build-up of ~€200m other liabilities from P&amp;P early retirement</td>
</tr>
<tr>
<td>OCF after changes in WC</td>
<td>5.7 – 6.0</td>
<td>➡️</td>
<td>Improvement driven by EBIT growth</td>
</tr>
</tbody>
</table>
**Cash Flow Outlook: overview of major drivers (2/2)**

<table>
<thead>
<tr>
<th></th>
<th>2019e</th>
<th>20e vs 19e</th>
<th>Main Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCF after changes in WC</td>
<td>5.7 – 6.0</td>
<td>➠</td>
<td>Improvement driven by EBIT growth</td>
</tr>
<tr>
<td>Net Capex</td>
<td>~ -3.5</td>
<td>➠</td>
<td>Slight gradual increase in divisional capex spendings; Boeing 777 order: ~€1.1bn in 2019, ~€500m in 2020</td>
</tr>
<tr>
<td>Net Cash for Leases</td>
<td>~ -2.2</td>
<td>➠</td>
<td>Slightly increasing in line with business growth</td>
</tr>
<tr>
<td>Net M&amp;A</td>
<td>~ +0.6</td>
<td>➠</td>
<td>2019: China DSC deal; 2020: no significant M&amp;A planned</td>
</tr>
<tr>
<td>Net Interest</td>
<td>~ -0.1</td>
<td>➠</td>
<td>In line with 2019</td>
</tr>
<tr>
<td>Free Cash Flow guidance</td>
<td>&gt;0.5</td>
<td>➠</td>
<td>Improvement vs 2019 trough</td>
</tr>
</tbody>
</table>
Gross Capex: Recent History and Outlook

- Increase driven by investments in B2C national/int’l
- Underlying spend stable, Boeing 777 peak in 2019
- Low levels reflecting minimal capital intensity
- Spend primarily driven by new business

GROUP GROSS CAPEX

FY 2019 guidance €~3.7bn (including €1.1bn for debt-financed Boeing 777)

Capex, €m

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>PeP</td>
<td>786</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Express</td>
<td></td>
<td></td>
<td>1.190</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Forwarding, Freight</td>
<td></td>
<td></td>
<td></td>
<td>110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>282</td>
<td></td>
</tr>
</tbody>
</table>

Initial payment for Boeing investment
Healthy Leverage Ratios Even After IFRS 16 Implementation

Net Gearing: 47.0%
Equity Ratio: 27.5%

2018 Net Debt/EBITDA: 1.9x
2018 Interest Cover: 5.0x

Total Liabilities & Equity As per 31.12.2018

- Net Debt: 12,303
- EBITDA: 6,454
- EBIT: 3,162
- Interest Expense: 629
Net Debt / EBITDA: History and Outlook
DPDHL Group Pensions - DBO, DCO, and Civil Servants

Discount Rate | Germany | UK | Other | Total
---|---|---|---|---
Jun 30, 2019 | 1.40% | 2.10% | 1.66% | 1.64%
Sep 30, 2019 | 1.00% | 1.70% | 1.31% | 1.25%

Defined Benefit (DB): Staff costs + Change in provisions

Change in provisions

2012: 410
2013: 282
2014: 268
2015: 264
2016: 266
2017: 230
2018: 168

Current service costs

2012: 156
2013: 186
2014: 163
2015: 193
2016: 162
2017: 187
2018: 193

Defined contribution (DC): Cash out = staff costs in EBIT

Civil servants (in GER)

2012: 542
2013: 538
2014: 531
2015: 516
2016: 493
2017: 461
2018: 449

Hourly workers and salaried employees mainly outside GER

2012: 238
2013: 286
2014: 276
2015: 317
2016: 305
2017: 300
2018: 307
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